

Effective innovation? Assessing the ‘business case’ for investing in the CCCF Mechanism

A Woman Fetching Water from a Water Kiosk in Wajir County . Photo by Jane Kiiru



Policy Pointers

- The CCCF mechanism is using the institutional architecture of Kenya’s devolution to unlock value from ASALs. Annually, 120,000 beneficiaries across the rural drylands of Isiolo, Makueni and Wajir accrue KES 400M of direct benefits through improved access to water, coupled with considerable potential indirect benefits.
- By expanding access to water, CCCF is improving resilience to climate change and the economy of drylands.
- By reducing travel time for water collection, CCCF directly saves women and girls over two hours per day which is put towards their families, businesses, and which girls could spend on school work
- By engaging and empowering rural beneficiaries in decisions, accountability and governance of public goods, CCCF unlocks considerable co-investment by those beneficiaries in CCCF-funded projects, mostly through in-kind labour.

Executive Summary

The County Climate Change Fund (CCCF) mechanism is an example of a new devolved climate finance mechanism piloted by five county governments of Isiolo, Kitui, Makueni, Garissa and Wajir from 2013 to deliver climate finance from the national to local level.

The Adaptation Consortium conducted a learning exercise to gauge the effectiveness of the CCCF Mechanism to improve climate resilience in ASAL regions through investments in improved access to water that were identified and prioritised by the beneficiary communities. This briefing reports on the quantified economic values from surveys of householders, politicians, county and ward-level climate resilience committees. All respondents report better access to water for their livestock and household.

Benefits at household level every year were KES 14,170 (£109) per household far exceeding costs of implementation which were in total KES 3,640 (£28) per household. A large proportion of direct benefits accrue to women, who report shorter journeys (two hours less) to collect water for domestic use every day. These women are re-investing their time in family and households, business and girls into schoolwork. Inequality, untapped economic value and challenges from political succession and communication all need to be addressed to ensure sustainability of these investments.

Context

Climate change is expected to exert long-lasting economic costs across the world (Stern, 2006), requiring that urgent investments are made in adaptation and mitigation. Equally, empirical findings demonstrate that local people have the capacity to manage such social investment decisions and create effective governance systems (Ostrom, 2010). Devolved Climate Finance is one investment which development partners, governments and NGOs are using to leverage the value in local people's capacity to make effective decisions over investments necessary for climate adaptation.

The Adaptation (Ada) Consortium has been working with five county governments of Kitui, Isiolo, Garissa, Makueni and Wajir in Kenya to pilot the County Climate Change Fund (CCCCF) Mechanism. The mechanism aims at mainstreaming climate change in planning and budgeting as well as prepare counties to access climate finance. Initiatives delivered under the CCCC include – climate change legislation developed in each of the five counties, and related climate change planning structures at both county and ward levels.

There is widespread perception from development partners, politicians and planners, beneficiaries, the media and NGOs that the CCCC pilot is proving a positive, and potentially transformative change (Mogeni, 2017). The Ada Consortium has collated essential learnings from these pilot projects to answer a range of questions posed by the Reference Group, development partners and government agencies about the impact, effectiveness, efficiency and value-for-money of the CCCC Mechanism. A key element is embedding inclusivity in CCCC mechanism which is enshrined in the Kenyan Constitution and evidence from many projects globally that inclusive decision-making is more effective with higher impact.

The Adaptation Consortium initiated a 'learning exercise' in 2018 to investigate the social and economic costs and benefits from the CCCC pilot investments in improved access to water. This policy brief highlights the main findings from the learning exercise and shows that the direct benefits from these investments far exceeded the investment costs in implementing the CCCC mechanism as paid by development partners). The brief also highlights some of the challenges in establishing the CCCC pilot, including post-implementation monitoring, and communication with beneficiaries.

The CCCC is providing a working example of an investment model that drives financing, decision-making and responsibility to the local level"

"County government (are) using the CCCC investment as model for other investments"

WCCPC, Focus Group Discussion, Wajir

The learning exercise collected qualitative and quantitative data on the costs of implementing the CCCC and the benefits/changes perceived by the beneficiaries

through the process of piloting the CCCC Mechanism and resulting water investments.

The learning tools (focus group discussions, key informant interviews and a survey of 363 households) were used to understand changes in water usage, climate change resilience, and views on the political process involved in the CCCC mechanism to achieve community agreement, among project beneficiaries/villages. There are a number of issues we were hoping to understand, particularly around the capture theory of regulation. Ultimately, the CCCC mechanism is an innovation that leverages the value of local communities most impacted by climate change, and seeks to amplify their voices in discussions and decisions which impact climate resilience. It is critical that these pilot projects are monitored to ensure value isn't captured away from local communities – that elites, the powerful and the capitalised do not accumulate the majority of advantage from any change rather than more marginalised groups.

Results

The Community:- A typical household has 6.8 members, evenly split by gender. Overall 32% of the respondent households are female-headed, only 24% in Isiolo and 40% in Wajir with an average age of 44 years, 45 for men, 42 for women. All households are reliant on water for their daily domestic requirements, and the vast majority collect on foot, journeys on average for five hours daily. High incidence of poverty is noted in the study sites, with only 7% of households earned over the UN figure for poverty of \$2 / day. Furthermore, high inequality exists, with an estimated gini coefficient of 0.53, and the wealthiest quartile earning over 5 times more than all other households. Income is mostly from livestock sales, small businesses and remittances in Isiolo and Wajir, and crop sales, livestock sales and poultry in Makueni.

Investment costs:- Investment costs paid by development partners totalled over KES 100 million (£800,000) over 2010-2018. 80% of these costs in each County were spent during the first year, reflecting the intensive period of building capacity on climate change resilience issues both for politicians at County and Ward levels, and on preparations for the revised decision-making processes at the community level.

Community benefits:- The learning exercise revealed a number of community benefits from the CCCC pilot water investments. All 363 households reported having greater access to water for domestic and livestock. Furthermore, over 99% of households reported reduced travel times for water collection for domestic use owing to the proximity of the new investments in water pans, boreholes and dams. This was of particular benefit to women, who reported now saving two hours in travel time per household when collecting water for domestic needs. Importantly, this time was now being re-invested in a range of household activities, including establishing market gardens, opening small business, as well as sup-

porting children's school work or enhancing family time. Other benefits of reduced travel time also included improved health from reduced fatigue and cleaner, cheaper water, and reduced conflict within households, within communities and among neighbouring villages.

Before schools and households used a lot of money to access water from boreholes in the nearby Kambu urban centre. There is a major savings as water supplied from the sand dam is relatively affordable costing two shillings for 20 litre jerrican as opposed to the situation before where similar quantity of water cost twenty shillings.

WCCPC, Focus Group Discussion, Makueni

Previous studies on the economic value of improved access to water owing to reduced travel times allow us to calculate some of the direct benefits accruing to the households and communities from the CCCF mechanism. Using the figure for time saved, on average almost two hours per household per day or 700 hours annually, we estimate across the three Counties direct benefits of over KES 400 million (£3 million) annually, with average net benefits to each household of over KES 14,170 (£100). This exceeds the overall investment by a factor of three each year. Hence, on this indicator alone, the CCCF Mechanism appears to be a worthwhile investment.

Other tangible evidence of the value of the CCCF investments is shown by the co-investment by communities in the development of the water infrastructure. Almost two-thirds of respondents provided, mostly in-kind labour in construction and ancillary services, to the initial water project development. Notably this does not include those investments that were also made over time to the maintenance of water points, and in governance of access including any resolution of conflicts.

Nevertheless, respondents still walk considerable distances for domestic water (3km per household per day), and many respondents noted the need for further investment in water infrastructure to enhance water access for their communities. This includes piping of water into towns, better waste and sanitation, more boreholes, and provision of water kiosks.

The economy appears stronger, with greater diversification, a greater and stronger workforce as women can re-join for the two saved hours, children are freer to concentrate on schoolwork, new businesses, and water being used as a lower-cost input into agricultural, livestock and other small business ventures. The reduction in price and cost of water is likely to have a material impact across the productive economy, changing the economics of livestock production, increasing cropping opportunities and diversity, and releasing labour into the market or household, in turn, boosting the income, nutrition, and health of the household. Furthermore, there is qualitative evidence that improved access to water for livestock watering is resulting in lower travel times for herds and herders and higher quality of meat.

"The cattle do not go very deep in search of pasture and the quality of meat is now higher"

Community member, focus group, Isiolo

Key learning issues on economic values

Value-for-money:- The CCCF Mechanism has a solid 'business case', demonstrating a positive return on investment based on the sub-set of direct values we have been able to quantify. Indeed, the 'return on investment' appears remarkable, demonstrating the potential benefit to investing in climate resilience in the ASALs.

Total benefits are far higher:- The 'learning exercise' quantified some of the direct benefits accruing to beneficiaries/communities. The indirect benefits from the CCCF mechanism are likely considerable, and require further identification, unpacking and tracking. These indirect benefits will include spill-overs, new businesses benefits, less conflict, new market opportunities, more labour time, and enhanced productivity.

Assisting beneficiaries to capturing more economic values will improve effectiveness of the CCCF mechanism and enhance livelihoods:- Improving access to water enables a stream of other potential benefits, which need attendant investment to maximise their full economic impact. For example, consider supplying a revised structure of services for marginalised groups to seize the new market opportunities from market garden production, superior quality meat and higher labour supply

Instigate monitoring, evaluation and learning from inception:- The survey tools used produced some excellent positive results, but require re-working for future project assessments, particularly the lack of baseline data. This impeded learning on several issues including the differing levels of inclusivity for specific groups. For instance, we were unable to test the general perception that CCCF mechanism projects are cheaper and more efficient than other projects. We recommend subsequent action research into devolved climate finance builds on these measures more accurately and thoroughly across the range of value creation, its attribution and profile of beneficiaries, including:

- direct benefits beyond water access improvements.
- infer indirect and imputed benefits to understand the return-on-investment and value-for-money for development partners.
- future surveys need to focus on how investments impact climate resilience distinctly to ensure value-for-money and replicability into other areas.

Conclusion

Collaboration is key, but expensive:- Funding is required to ensure a wide range of roles are performed effectively and in a complementary manner as part of the implementation of the CCCF mechanism. It is clear that long-term investment in teamwork, partnerships, cross-disciplinary alliances are required to build climate resilience for rural communities.

Inclusivity requires attention:- Embedding inclusivity in CCCF mechanism is key to develop sustainable economic development. Yet, it clearly remains an ongoing process, requiring monitoring of both representation and participation. The economic implications of weak process of inclusivity are not clear, but the comments from some respondents demonstrate the process of implementation requires added focus on this issue. Furthermore, these concerns expressed in our surveys are further highlighted by concerns raised by marginalised groups to the Isiolo County Assembly on climate resilience and in general ‘urging the committee to actualize their representation through widespread involvement at the time of formation of the relevant committees’ (County Assembly of Isiolo (2018b)) .

Better survey tools, applied earlier in the implementation process:- Our survey was unable to answer some of our questions, and we suggest future MEL on CCCF mechanism initiatives aim to identify a robust baseline, understand the changes to household economics, and to ensure a range of economic factors are quantitatively monitored and tracked to ensure that the balance of bottom-up governance, accountability, democracy and transparency is sufficient to offset incentives for value capture away from community level, that may run counter to outputs that enhance climate resilience.

Unlocking the full value of water:- The high-value nature of this resource alerts us to the need for innovation, and potential collaboration with the private sector. For instance, the installation of a system of water storage at village level.

Endnotes

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Key Words

Economics
Climate Finance
Local level planning
Climate Change
Development Planning
Devolution
Gender

About this Policy Brief

This Policy Brief is part of a series aiming to inform policy-makers on the effectiveness of the CCCF mechanism and provide recommendations to policy-makers based on learning results on the effectiveness on the CCCF mechanism. The other policies briefs can be found on <http://www.adaconsortium.org/index.php/component/k2/itemlist/category/149-briefing-papers>.

About Ada Consortium

The Adaptation (Ada) Consortium has been supporting five county governments of Isiolo, Kitui, Makueni, Garissa and Wajir in Kenya to enhance and support climate resilient development. Since 2011 Ada has worked with policy makers and technical officers to pilot County Climate Change Fund (CCCF) Mechanism to mainstream climate change in planning and budgeting as well as prepare counties to access climate finance. Ada, a core component of the National Drought Management Authority (NDMA) comprise Christian Aid, International Institute of Environment and Development, and Kenya Meteorological Department together with county partners consisting of Anglican Development Service – Eastern (ADS-E), WomanKind Kenya, Merti Integrated Development – Programme (MID-P) and Arid Lands Development Focus (ALDEF). The consortium is funded by the UK Department for International Development (DfID) and Sweden

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Author: James MacGregor;
Director, G37 Consulting Ltd
and Centre for Social Innovation
Management, University of Surrey
E - jamesmacgregor37@gmail.com

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